

Message Text

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ACTION NEA-13

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 EUR-25 STR-08 AGR-20 FEA-02 EB-11

INT-08 SCI-06 CIEP-02 IO-14 COME-00 TRSE-00 EA-11

XMB-07 OPIC-12 DRC-01 /219 W
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P 021250Z FEB 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 5296

C O N F I D E N T I A L TEHRAN 0915

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG IR

SUBJ: ENERGY - NIOC POLICY AND COMMITMENTS FOR CRUDE SALES

REF: A) STATE 19542; B) TEHRAN 6277 (1973) C) TEHRAN 426

1. AVAILABILITIES PICTURE REMAINS ESSENTIALLY UNCHANGED. IRAN-BRITISH DEAL, AS WE UNDERSTAND IT, CALLS FOR FIVE MILLION TONS OF OIL, OR 100,000 B/D FROM MID-1974 TO MID-1975. ONLY SIGNED AND SEALED COMMITMENTS FOR LATTER HALF 1974 AND FIRST HALF 1975 ARE BRITISH DEAL AND MADRAS AND SOUTH AFRICAN REFINERIES. THEREAFTER, NIOC'S ONLY PRESENT COMMITMENTS ARE TO THESE TWO REFINERIES, PLUS ANY "SECRET" COMMITMENTS, SUCH AS TO ISRAEL AND EAST EUROPE.

2. LONG-TERM POLICY, HOWEVER, MAY BE CHANGING. SINCE OIL HAS BECOME NOBLE AND PRECIOUS, ENERGY EXPORTS HAVE FALLEN INTO DISREPUTE. NIOC DOWNSTREAM POLICY (AND WITH IT THE ASHLAND DEAL) IS ENDANGERED. ARTICLE IN TEHRAN JOURNAL JAN. 31 ALLEGED THAT JAPANESE CANCELLED THEIR EXPORT REFINERY DUE ANGER AT NEW PETRO-CHEMICAL RIDER. JAPANESE PRIVATE SECTOR AND EMBASSY REPRESENTA-
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TIVES EMPHATICALLY DENIED THIS, SAYING THEY INTEND TO BUILD

THE REFINERY AND THAT NIOC ASSURES THEM THAT IT ALSO FULLY
INTENDS TO GO AHEAD. FOR THE MOMENT NIOC APPARENTLY STILL WANTS

ALL THREE EXPORT REFINERIES, BUT NEWSPAPER ARTICLE SUGGESTS TO
US THAT SOMEONE IS TRYING TO UNDERMINE THE PROJECT. A POLICY
SPLIT AND COMMUNICATION BREAKDOWN CURRENTLY EXISTS BETWEEN NIOC
AND OTHER PARTS

OF GOI, NOTABLY THE MINISTRY OF ECONOMY (PERHAPS
EGGED ON BY NPC MANAGING DIRECTOR MOUSTOUFI). WE UNDERSTAND
MINECON ANSARY TOLD GOJ MITI CHIEF
NAKASONE THAT REFINERY CANNOT BE BUILT WITHOUT ASSOCIATED
PETROCHEMICAL PLANT, WHILE DR. MINA TOLD EMBOFF (REF. C) PROJECTS
NOT LINKED IN THIS WAY. ALSO, MINA REPORTEDLY EXPRESSED ANGER
TO BRITISH EMBOFF THAT MINECON HAD PREPARED ITS SHOPPING LISTS
OF NEEDED INDUSTRIAL RAW MATERIALS IN CONSULTATION WITH PRIVATE
SECTOR ONLY AND HAD NOT TAKEN NIOC NEEDS INTO ACCOUNT.
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